

EXHIBIT E

APR-25-1996 13:42

DPA MEDICAL ADMIN

2177825672 P.02

OMB NO. 0938-0193

U.S. GOVERNMENT PRINTING OFFICE: 1996 500-100-0001
HEALTH CARE FINANCING ADMINISTRATION

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

 NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

Section 1927(f) of Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 96 \$2,272,000

b. FFY 97 \$2,272,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B pages 2 and 3

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-B pages 2 and 3

10. SUBJECT OF AMENDMENT:

Reimbursement for Prescribed Drugs

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

 OTHER, AS SPECIFIED:Not submitted for review by
prior approval

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Robert W. Wright seal

13. TYPED NAME:

Robert W. Wright

14. TITLE:

Director

15. DATE SUBMITTED:

9-29-95

16. RETURN TO:

Illinois Department of Public Aid
100 South Grand Ave., East
Springfield, IL 62762

ATTN: Mary Ann Langston

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

9-29-95

18. DATE APPROVED:

4-30-97

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7-1-95

20. SIGNATURE OF REGIONAL OFFICIAL:

J. Keller

21. TYPED NAME:

David DuPre

22. TITLE: Associate Regional Administrator

Div. of Medicaid & Managed Care Programs

23. REMARKS:

Det. Initials
FBI - U.S. DEPT. OF JUSTICE

TOTAL P.02

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Page 2

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPE OF CARE - BASIS FOR REIMBURSEMENT

3. **RURAL HEALTH CLINICS:** Depending on type of clinic in which services are provided. Hospital and encounter rate clinics: same as described in 1 and 2, respectively. For others and for non-Medicare covered services, fee-for-service subject to Department's established pricing screens.

4. **PREScribed DRUGS:**

Effective July 1, 1995, pharmacies will be reimbursed for prescribed drugs on the following basis: the lower of their usual and customary charge to the general public, or

- | | | |
|-------|--|--|
| =7/95 | a. Single source legend products | - standard package size AWP of NDC on claim, less 10% plus a professional fee |
| =7/95 | b. Multiple source legend products not approved for generic interchange by the Illinois Department of Public Health | - standard package size AWP of NDC on claim, less 12%, plus a professional fee |
| =7/95 | c. Multiple source legend products approved for generic interchange by the Illinois Department of Public Health, but <u>not</u> on the HCFA FUL list | - lower of standard package size AWP of NDC on claim, less 12%, plus a professional fee OR
- State MAC plus a professional fee |
| =7/95 | d. Multiple source legend products approved for generic interchange by the Illinois Department of Public Health, <u>and</u> on the HCFA FUL list | - lower of standard package size AWP of NDC claim, less 12%, plus a professional fee OR
- State MAC plus a professional fee OR
- HCFA FUL unit price plus a professional fee |
| | e. Over-the-counter products | - AWP times 1.5 |
| =7/95 | Payment includes the covered outpatient drugs of any manufacturer who has entered into and complies with a rebate agreement, other than any drug excluded from coverage. | |

TN # 95-16

APPROVAL DATE 4-30-96 EFFECTIVE DATE 7-1-95

SUPERCEDES

TN # 88-13

PUBLIC AID BCHS

ID:217-524-7194

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State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPE OF CARE - BASIS FOR REIMBURSEMENT

HCFA FUL limits will not be imposed on Schedule II, Controlled Substances, due to the Illinois Triplicate Prescription Program or products not approved for generic interchange by the Illinois Department of Public Health. When such generic products are approved for interchange by the Department of Public Health, MAC prices will be imposed in accordance with 4 above. The State MAC is determined by using the generic reference AWP of the drug, reduced by 12 percent.

The use of some generic prices lower than the HCFA FUL, as described in 4 above, will ensure that aggregate reimbursement will not exceed the overall limits imposed by the HCFA ~~limits~~.

Drug prices are updated weekly utilizing a tape procured from First Data Bank of San Bruno, California.

5. **OVER-THE-COUNTER DRUGS:** Lesser of the usual and customary charge to the general public or the wholesale cost plus up to 50 percent.
 6. **OTHER LABORATORY AND X-RAY SERVICES:** Lesser of the usual and customary charge to the general public or statewide maximums established by the Department not to exceed the upper limits specified in Federal regulations.
- 04/93 7. **PHYSICIAN'S SERVICES:** Reimbursement for physician services are at the physician's usual and customary charges, not to exceed the maximum established by the Department. Initially, maximum fee-for-service rates were established in 1978 when the Department reviewed the average charges for each of the allowable services. The Department agreed to set the statewide maximum amount at 70 percent of the average charge by physician. Annually the Department analyzes cost information and procedure code utilization of physician bills presented for Medicaid reimbursement of services rendered. The rate maximums are periodically adjusted based upon the above factors.

Providers statewide who meet the participation requirements for the Maternal and Child Health Program or qualify by the exception process receive enhanced reimbursement rates for services provided to pregnant women and children through age 20 who are participants in the MCH Program. The enhanced rates include:

- payment for performing a prenatal risk assessment (\$15);
- payment for performing risk assessments on children (\$15);
- increased reimbursement for deliveries (\$400 additional);
- a \$10 increase in the EPSDT screening rate; and
- an 8 percent increase in the reimbursement rate for office visits for children.

TN # 95-16APPROVAL DATE 4-50-96 EFFECTIVE DATE 7-1-95

SUPERSEDES

TN # 93-12